

## Message Text

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ACTION AID-31

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TO SECSTATE WASHDC 2775

C O N F I D E N T I A L AMMAN 4612

FOR AA/WHEELER FROM PICKERING

EO 11652: GDS  
TAGS: EAID, JO, US  
SUBJ: DEOBLIGATION--SPRINKLER IRRIGATION EQUIPMENT- LOAN 278-K-018

REF: STATE 188094

1. SUMMARY: FOR POLITICAL AND DEVELOPMENTAL REASONS, I BELIEVE IT WOULD BE A GREAT MISTAKE TO REMOVE \$3.5 MILLION FROM THE PROGRAM LEVEL ESTABLISHED FOR JORDAN FOR THE TRANSITION QUARTER. IF IT IS NECESSARY FOR TECHNICAL REASONS TO DEOBLIGATE, IT SHOULD BE WITH THE UNDERSTANDING THAT THE FUNDS WILL BE REOBLIGATED FOR JORDAN FOR A PROJECT NOW IN PROCESS OF PREPARATION THAT IS RELATED TO BROAD PURPOSES OF ORIGINAL LOAN AGREEMENT. END SUMMARY

2. ON THE POLITICAL SIDE, THE SECRETARY HAS JUST COMPLETED HIS SECOND ROUND OF CONVERSATIONS IN JORDAN. THE JORDANIANS REMAIN FIRMLY CONVINCED THAT THE U.S. IS PURSUING WITH DETERMINATION A DIFFICULT COURSE IN THE MIDDLE EAST. JORDAN, AS A SUPPORTING ASSISTANCE COUNTRY, CANNOT HAVE ITS AID PROGRAM DIVORCED FROM THE HARD REALITIES OF MIDDLE EAST POLITICS. IF ON THE AFTERNOON OF THE SECRETARY'S MOST RECENT VISIT WE WERE TO TELL THE JORDANIAN GOVERNMENT THAT THEIR LEVEL OF ASSISTANCE IS BEING CUT, I AM CONVINCED KING WOULD APPEAL DIRECTLY TO THE SECRETARY AND THE PRESIDENT, NOT NECESSARILY BECAUSE OF THE FIGURES INVOLVED (ALTHOUGH THESE ARE CERTAINLY NOT INSIGNIFICANT), BUT BECAUSE OF AN UNDERSTANDABLE  
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CONCERN WHICH WOULD ARISE IN HIS MIND ABOUT OUR CONTINUING SUPPORT FOR HIM AND HIS COUNTRY. THE ROAD AHEAD IN POLITICAL TERMS IS GOING TO BE DIFFICULT. JORDAN HAS BEEN AND WILL CONTINUE IN THE FUTURE TO BE ASKED TO MAKE POLITICAL DECISIONS WHICH ARE DIFFICULT AND FOR WHICH WE NEED TO CONTINUE A CLIMATE OF COOPERATION. IF WE ARE SERIOUS ABOUT THIS IDEA OF DEOBLIGATING FUNDS, WE SHOULD REVIEW EXTREMELY CAREFULLY THE POLITICAL RAMIFICATIONS. ANY OBJECTIVE

REVIEW IN MY JUDGMENT CANNOT HELP BUT PRODUCE THE INCLUSION THAT WE SHOULD DESIST FROM THE PROPOSED COURSE OF ACTION.

3. THE DEPARTMENT AND AID WILL RECALL THAT IN LATE SUMMER OF 1976 THE EXECUTIVE BRANCH AND THE CONGRESS WORKED TOGETHER TO READJUST LEVELS OF ASSISTANCE FOR MIDDLE EASTERN COUNTRIES AND \$60 MILLION WAS AUTHORIZED AND APPROPRIATED FOR JORDAN AS PART OF AN OVERALL PACKAGE THAT MAINTAINED PRINCIPLE OF PROPORTIONALITY BETWEEN ISRAEL AND THE ARAB STATES. JORDAN REQUESTED THE ENTIRE \$60 MILLION BE MADE AVAILABLE AS BUDGET SUPPORT, BUT THE MISSION INSISTED THAT \$9 MILLION BE PUT INTO DEVELOPMENT PROJECTS PURSUANT TO OUR GENERAL POSITION THAT THE TREND FOR THE JORDAN AID PROGRAM WOULD HAVE TO SHOW DECLINING BUDGET SUPPORT AND INCREASING PROJECT ASSISTANCE. (N.B.: AID/W WILL REMEMBER THAT AT ONE POINT WHEN AID/NE HAD DECIDED THAT ALL \$60 MILLION COULD BE GIVEN AS BUDGET SUPPORT, THIS MISSION URGED THAT \$9 MILLION BE IN PROJECTS.)

4. IN THE VERY SHORT TIME AVAILABLE FOR OBLIGATION, AID/NE AND USAID/J, WORKING WITH THE JVC, PREPARED THE SPRINKLER LOAN PROJECT WHICH FITTED WELL INTO THE AGRICULTURE DEVELOPMENT SECTOR ON WHICH THE MISSION HAS CONCENTRATED FOR MANY YEARS. THE COST ESTIMATES WEIS NECESSARILY PREPARED WITH GREAT SPEED AND TO EVERYONE'S SURPRISE AND GRATIFICATION, ACTUAL PROCUREMENT WAS ACCOMPLISHED AT A LOWER COST THAN THAT ORIGINALLY CONTEMPLATED.

5. THROUGH THEIR OWN SOURCES, THE GOJ WAS ENTIRELY FAMILIAR WITH CONFIDENTIAL

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THE CIRCUMSTANCES IN WASHINGTON THAT LED TO THE TQ \$60 MILLION FIGURE. FOR SOME TIME CROWN PRINCE HASSAN HAS BEEN VERY ANXIOUS TO EXPLORE THE WATER RESOURCES OF THE LOWER (WADI ARABA) AS WELL AS THE UPPER JORDAN VALLEY SO AS TO INCREASE AGRICULTURAL PRODUCTION THROUGH IRRIGATION. AS A REFLECTION OF THIS DETERMINATION, HE WAS LARGELY RESPONSIBLE FOR EXTENDING JVA AUTHORITY TO THE LOWER JORDAN VALLEY UNDER THE LAW THAT CHANGED THE JVC TO THE JVA. AS SOON AS HE AND THE GOJ LEARNED THAT SOME FUNDS UNDER THE SPRINKLER LOAN REMAINED UNEXPENDED, THE JVA BEGAN TO PREPARE AN AMENDMENT TO THE EXISTING PROJECT TO MAKE IT POSSIBLE TO EXPLORE THE WATER RESOURCES OF BOTH PARTS OF THE VALLEY. OMAR ABDULLAH HAS BEEN WORKING INTENSIVELY ON THIS AMENDMENT AND HAS PROMISED IT TO THE MISSION IN A WEEK'S TIME. HE HAS VERBALLY REQUESTED THAT USAID CONSIDER AN EXPANSION OF ELIGIBLE ITEMS TO BE FINANCED FROM THE LOAN.

6. IT SEEMS TO US THAT IT WOULD BE A SERIOUS MISTAKE TO APPROACH THE GOJ NOW AND TELL THEM THAT BECAUSE THEY RETREATED FROM THEIR REQUEST THAT THE TQ \$60 MILLION BE ENTIRELY BUDGET SUPPORT, THEY MUST NOW ACCEPT DEOBLIGATION OF \$3.5 MILLION FROM AN EARMARKED LEVEL SET BY THE CONGRESS. THIS WOULD NOT ONLY HURT OUR EFFORTS TO MAINTAIN THE DOWNWARD TREND OF BUDGET SUPPORT BUT, GIVEN THE HISTORY OF THE \$60 MILLION, RAISE THE QUESTION OF HOW MUCH MIGHT

BE DEOBLIGATED FROM THE PROGRAMS OF THEIR NEIGHBORS TO MAINTAIN  
THE PROPORTIONALITY SET UP BY CONGRESS AND THE EXECUTIVE BRANCH  
WORKING TOGETHER ON THE TQ LEGISLATION.

7. IF TECHNICAL REASONS COMPEL DEOBLIGATION, I MOST STRONGLY URGE  
THAT WE BE AUTHORIZED TO TELL THE GOJ THAT THE FUNDS WILL BE RE-  
SERVED FOR THE JORDAN PROGRAM AND THE PROPOSAL UPON WHICH THEY  
ARE NOW WORKING WILL RECEIVE EARLY AND SYMPATHETIC CONSIDERATIONS.  
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